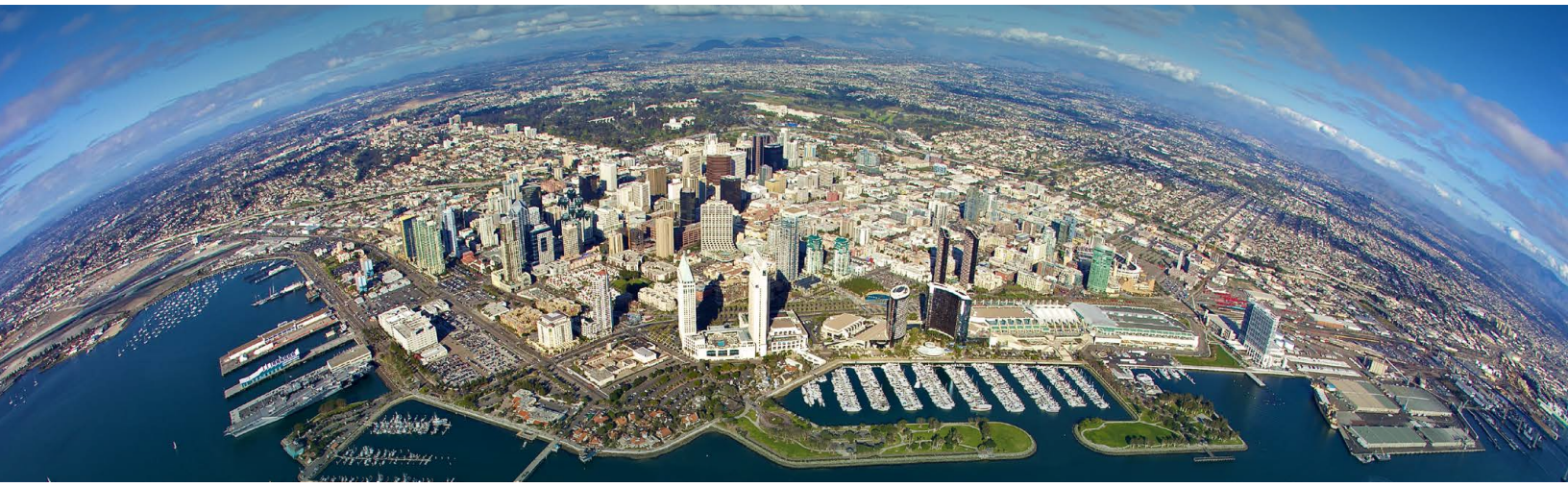


SAN DIEGO REGIONAL PROFILE

PRODUCED BY SAN DIEGO REGIONAL EDC



SAN DIEGO: San Diego County is home to more than 3.3 million people spread across 18 cities. The region is consistently recognized as a top life sciences market with an established tech scene, supported by distinguished universities and unrivaled quality of life. San Diego is part of a larger binational region that encompasses San Diego County, Imperial County and Baja California, Mexico. With a combined population of more than 7.1 million people, a 27,000 square mile footprint, two international airports and the busiest land port of entry in the western hemisphere, our binational identity offers unique business and lifestyle opportunities.

In 2018, California surpassed the United Kingdom as the fifth largest economy on the planet. Helping drive this economic powerhouse, San Diego's gross domestic product is the fourth largest in California totaling \$231 billion. If we were our own state, San Diego would rank as the 26th largest economy in the country. San Diego's economy – combined with the region's diverse communities, population and global connectivity – supports the attraction and retention of top talent and some of the world's most innovative companies.

San Diego's economy is made up of three major pillars: innovation, driven by our region's educated, energetic and talented workforce; tourism, built upon our region's coastal geography and rich culture; and defense, including the largest concentration of military assets in the world. Talent is the heart of San Diego's economic engine. Our broader innovation economy sits on a foundation of established industries, including life sciences, information and communication technologies and aerospace. Over the last decade, the intellectual capital generated across these pillars has accelerated growth in cybersecurity, software development, biotech and clean energy. More recently, this diverse set of core competencies has propelled growth in burgeoning industries that include unmanned systems, robotics, machine learning, 3D printing, genomics, precision medicine, IoT and more. Stimulating endless opportunities for converging research and technology across industries, San Diego's innovation economy plays a crucial role in the success of our ecosystem.



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ECONOMIC DRIVERS

INNOVATION MILITARY TOURISM



INTELLECT

LOCAL



REGIONAL HIGHLIGHTS

- #1 in genomics patent intensity in the U.S.*
- Highest concentration of lab space in the U.S.*
- Lowest turnover in Scientific R&D compared to peer metros.*

SAN DIEGO: ECONOMIC DRIVERS

INNOVATION

Recognized as one of the leading high-tech hubs in the U.S., San Diego's innovation economy is anchored by established life sciences, communications, cleantech and software industries fueled by a collaborative culture and sophisticated support systems focused on commercializing research and growing entrepreneurial, knowledge-based companies.



#3
most patent intense
region in U.S.

27+
incubators and
accelerators

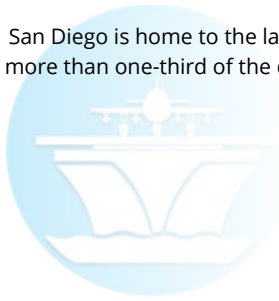
\$14.4B
advanced industry
R&D cluster

KEY COMPANIES

Qualcomm • Solar Turbines • Kyocera Solar • Illumina • BD Biosciences • ViaSat
Thermo Fisher Scientific • Classy • SONY • ESET North America • GoFundMe

MILITARY

San Diego is home to the largest concentration of military in the world. It is homeport to more than 60 percent of the ships in the U.S. Pacific Fleet and more than one-third of the combat power of the U.S. Marine Corps. Leading companies in unmanned vehicles, robotics, cybersecurity and shipbuilding are located in the region.



\$50B
towards GRP

1 in 5
jobs are tied to
defense

340K
jobs in the military
sector

KEY COMPANIES

Northrop Grumman • BAE Systems • Cubic Corporation • General Atomics • General Dynamics
NASSCO • Lockheed Martin • Leidos • SAIC • L-3 Communications • Raytheon

TOURISM

With more than 70 miles of coastline, state of the art hotel and convention spaces, and an array of entertainment options throughout the region, San Diego is positioned as one of the top visitor and convention destinations in the world. San Diego's world-class waterfront and award-winning international airport make it accessible from destinations across the globe.



#1
domestic travel in the
United States, 2016

35M
visitors to San Diego,
2017

\$18.3B
economic impact of
tourism industry

KEY ATTRACTIONS

Balboa Park • Comic-Con • Del Mar Fairgrounds • Hotel Del Coronado • SeaWorld San Diego
Petco Park (San Diego Padres) • LEGOLAND • USS Midway • Stone Brewing • San Diego Zoo

LOCAL

San Diego's local economy accounts for 65 percent of the regional economy and includes healthcare, retailers and restaurants, and sophisticated professional and business service providers with deep expertise in technology. San Diego offers state-of-the-art healthcare and is considered a leader in technology-driven health innovation, including the emerging field of wireless health.



#4
Best city in the U.S.
for startups, 2017

65%
of regional economy made
up of local businesses

25
hospitals

KEY COMPANIES

Sharp Healthcare System • UC San Diego Health System • Tri-City Medical Center • West Health Institute
Scripps Health System • Rady Children's Hospital • Palomar Medical Center

INTELLECT

San Diego's six universities and more than 80 research institutes conduct groundbreaking research, train the region's workforce and provide a human capital and technology infrastructure that enables the region to compete for investment and jobs on a global level. At the heart of innovation lie San Diego's universities and research institutions.



#5
research university in the
U.S. (UC San Diego)

\$4.6B
economic impact of
research institutions

37K
regional jobs impacted

KEY INSTITUTES AND UNIVERSITIES

The Scripps Research Institute • Salk Institute for Biological Studies • Sanford-Burnham Medical Research Institute
West Health Institute • J. Craig Venter Institute • University of California San Diego • San Diego State University
University of San Diego • California State University San Marcos • Point Loma Nazarene University

SAN DIEGO: A DEEP POOL OF TALENT

San Diego's workforce is young, experienced, educated and diverse. When compared to peer metros, San Diego ranks second for growth rate of degree-holding millennials and concentration of workforce in science and engineering jobs. The region continues to compete globally in attracting and retaining engineers, scientists and technology professionals. San Diego's quality of life, combined with opportunities in tech-based industries, means that the best and brightest choose to work and live here. Add to that a robust service sector with professionals in finance, marketing, sales, facilities management and other administrative positions, San Diego's talent continues to be our strongest asset.

60%
of people who migrated
to San Diego in 2014
held a college degree

#1
most genomics
graduates in the U.S.

#1
lowest turnover rate in
scientific R&D

63K
professionals in scientific
R&D and engineering jobs

WORKERS IN SCIENCE & ENGINEERING OCCUPATIONS PER THOUSAND WORKERS, 2018

Rank	Metro	Arch and Eng.	Science	Total
1	San Jose	48.3	10.5	58.7
2	San Diego	29.9	15.1	45.0
3	Boston	23.9	19.7	43.6
4	Seattle	29.0	11.2	40.2
5	Portland	31.3	8.6	40.0
-	Peer Avg.	27.9	11.8	39.7
6	San Francisco	22.5	16.1	38.7
7	Denver	26.1	10.0	36.1
8	Baltimore	22.3	11.1	33.5
9	Austin	24.0	8.6	32.6

UNIVERSITIES

San Diego's higher education institutions conduct groundbreaking research, train the region's workforce and continue to work closely with corporate partners to understand and plan for future needs. UC San Diego has become one of the top five public universities in the world in a span of only 50 years. Higher education institutions in San Diego have produced hundreds of thousands of qualified individuals and provide lasting economic impact through the creation of ideas, innovations and companies locally.

#1
for female STEM graduates
(UC San Diego)

16K
STEM graduates
annually

1,000+
companies launched by
UCSD affiliates

KEY UNIVERSITIES

University of California San Diego • San Diego State University
University of San Diego • California State University San Marcos
Point Loma Nazarene University

WHAT TALENT WANTS

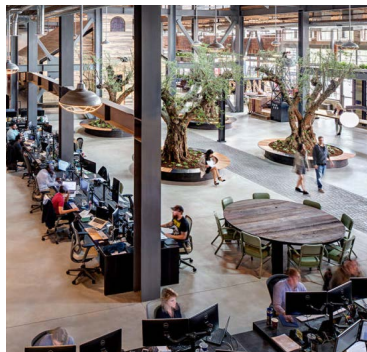
When looking for a place to start or continue a career, talent is demanding change. Infrastructure and creative design are becoming critical requirements. Innovative workspace, lifestyle, competitive wages and economic opportunity matter to today's workforce, and San Diego is keeping up.

#1 shortest average commute
time among peer metros
(25 minutes)

60% increase in bike
commuters
(since 2005)

53% increase in walking
to work
(since 2005)

ACTIVE LIFESTYLE • INNOVATIVE WORKSPACES • VIBRANT SOCIAL SCENE • CULTURAL ROOTS



La Jolla Shores • Office of Underground Elephant in East Village • Quartyard Craft Beer Garden • Chicano Park, Barrio Logan

SAN DIEGO: SUPERIOR QUALITY OF LIFE

Consistently ranked in the top ten healthiest, fittest and most livable cities in the country, the region's residents enjoy taking advantage of an average year-round temperature of 64 degrees, 70 miles of coastline and 3,055 hours of sunshine annually. With a booming craft beer and food industry, diverse culture and a true "city of villages" vibe, San Diego has something for everyone – and the quality of life is unmatched.

150+
breweries

SPORTS & ATTRACTIONS

- San Diego Padres (MLB)
- San Diego Gulls (AHL)
- San Diego Zoo
- San Diego Zoo Safari Park
- Sea World San Diego
- Del Mar Fair and Race Track
- 157 Breweries
- 58 public golf courses
- 70 miles of coastline
- 37 surfing spots
- 434 arts institutions
- 95 parks and historical sights

97

18-hole championship golf courses in the region

MUSEUMS & FESTIVALS

- Old Town San Diego
- Air and Space Museum
- Reuben H. Fleet Science Center
- Hall of Champions
- San Diego Museum of Art
- Museum of Man
- Natural History Museum
- New Children's Museum
- Presidio of San Diego
- Mission San Diego de Acala
- San Diego Festival of Beer
- San Diego Film Festival
- Kaaboo Del Mar

50+

farmer's markets county-wide per week

ARTS & ENTERTAINMENT

- San Diego Performing Arts Center
- Scripps Performing Arts Center
- Spreckels Organ Pavilion
- The Old Globe Theater
- San Diego Opera
- San Diego Ballet
- San Diego Symphony
- House of Blues
- Sleep Train Amphitheater
- World Beat Center
- ArtWalk San Diego
- La Jolla Playhouse

GLOBAL CONNECTIVITY

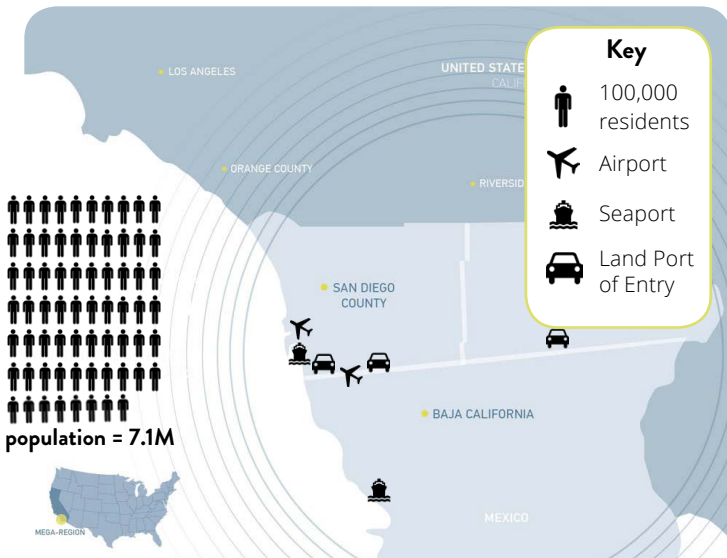
San Diego's location on the West Coast and proximity to the Mexican border provides an attractive geographic position to expand trade with the Pacific Rim. Contributing to San Diego's global connectivity are the mega region's two international airports, offering direct access to global centers like London, Tokyo, Shanghai, Frankfurt and Zurich. Increasing ease of access to our neighbors across the border, the end of 2015 brought with it the completion of the world's first cross-border airport terminal between San Diego and Tijuana.

#1

busiest land port of entry in the western hemisphere

137K

northbound border crossings processed per day



FOREIGN OWNED ENTERPRISES BY SOURCE DESTINATION

Rank	Source Nation	Jobs	% of all FOE Jobs	Firms	Wages (\$millions)
1	Japan	11,848	20.40%	407	\$783.00
2	United Kingdom	10,231	17.60%	222	\$622.70
3	Germany	4,833	8.30%	145	\$296.10
4	Canada	4,576	7.90%	160	\$311.50
5	Ireland	4,404	7.60%	35	\$233.40
6	France	4,018	6.90%	96	\$264.40
7	Switzerland	3,196	5.50%	67	\$223.40
8	Netherlands	2,798	4.80%	49	\$177.20
9	Sweden	1,503	2.60%	16	\$67.50
10	Spain	1,285	2.20%	28	\$84.30
	All Others	9,384	16.20%	394	\$595.60
	Total	58,076	100.00%	1,619	\$3,659.10

SAN DIEGO:

BUSINESS INCENTIVES AND SUPPORT

San Diego benefits from strong partnerships between government and business, and a uniquely collaborative political environment that provides stability for our growing local economy. Mayor Kevin Faulconer has worked to streamline the permitting process at the City, provide incentives for major investment, and promote San Diego's regional economy on a global scale. San Diego's County Board of Supervisors have won national awards for fiscal stewardship and stability, and our state and federal representatives work collaboratively across party lines in order to support San Diego's businesses and economy. Incentives at the local, state, and federal level offer cost saving opportunities for your expansion into San Diego. EDC has worked with a variety of multinational companies across San Diego County in securing these tax credits.

LOCAL INCENTIVES

City of San Diego - Business Incentive Program

In exchange for the City's financial or dedicated technical assistance offered to a business for the purpose of incentivizing business activity aimed at furthering one or more of the stated goals (incentives), a business must commit to a minimum investment and/or job creation over a defined period of time. Further, the desired outcome of this Council Policy is the creation and retention of quality jobs and capital investments across San Diego, with a particular emphasis in low- and moderate-income communities. Companies who meet the minimum program requirements will be awarded \$10,000 with maximum incentives up to \$100,000.

CALIFORNIA STATE INCENTIVES

Tax Credits

California Competes tax credit is an income tax credit available to businesses with plans to grow in California. Companies outline planned investments and additional full-time hires over a five-year period and enter an agreement with the state which awards credits annually as growth milestones are achieved. Application periods for the FY 2018-19 program are as follows:

- July 30, 2018, through August 20, 2018 (\$70 million available)
- January 2, 2019, through January 21, 2019 (\$75 million available)
- March 4, 2019, through March 25, 2019 (Any remaining unallocated amounts from the previous application periods)

Research and Development Tax Credit is an up to 15 percent credit for qualified in-house research expenses and a 24 percent credit for basic research payments to an outside organization, offered to companies that conduct qualified research activities in California. A federal research credit is also available.

Manufacturing and R&D Equipment Exemption is available to manufacturers and certain research and developers. Companies may qualify for a partial exemption of sales and use tax on certain manufacturing and research and development equipment purchases and leases. Qualified companies will pay only 3.3125 percent sales or use tax until 2022 on qualifying purchases and leases. Qualifying purchases are limited to \$200 million in a calendar year.

FEDERAL INCENTIVES

Trade Incentives

Foreign Trade Zones are federally designated areas where companies can delay or reduce duty payments on foreign merchandise. San Diego has one FTZ in the City of San Diego (No. 153).

Interest Charge Domestic International Sales Corporation Return (IC-DISC) is a federal tax incentive for exporters of products made in the U.S. California manufacturers who receive 50 percent of their net income from foreign sales may be subject to a significantly reduced US income tax rate.

Export-Import Bank finances the export of U.S. goods and services to international markets by providing working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans.

Financing

EB-5 Financing provides foreign nationals the opportunity to become conditional residents for a period of two years upon making an investment of \$1 million, or \$500,000 in a designated Targeted Employment Area, in a new commercial enterprise. Each unit of investment must create at least ten new, direct or indirect jobs for U.S. workers

Workforce Development

Work Opportunity Tax Credit is available to employers for hiring individuals from certain target groups that have consistently faced significant barriers to employment.

Tax Credits

New Markets Tax Credit program awards companies a tax credit against their Federal income in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

SAN DIEGO: COST OF DOING BUSINESS

TAXES AND INSURANCE

Tax	Jurisdiction	
	State of California	San Diego County
Corporate Income Tax*		
Corporations other than bank and financial	8.84%	8.84%
Banks and financial	10.84%	10.84%
Alternative Minimum Tax (ATM) rate	6.65%	6.65%
S corporation rate	1.50%	1.50%
S corporation bank and financial rate	3.50%	3.50%
Sales & Use Tax	7.25%	7.75%
Franchise Tax	1.1% ¹	-. ²
Inventory Tax	7.25% ⁵	7.75% ⁵
Property Tax	-. ³	1% ⁴
Personal Income Tax	1.00 - 12.30%	-
Unemployment Insurance Tax ("Payroll Tax")	1.5% - 6.2%	-
Employment Training Tax	0.001%	-
Disability Insurance Tax (Employee Paid)	1.00%	-
Finished Goods, Raw Materials, and Inventory Tax	-	-
Worker's Compensation Insurance	-. ⁶	-

NOTE: 1 California franchise tax rate is the same as California corporate tax | 2 Not applicable; Tax not localized | 3 Tax based on location in the State but average is 1.1% | 4 The applicable tax rate varies by the location of the property, primarily what the school district is in. In addition to the 1% (basic rate), any voter approved debt is included in the rate (school and/or municipal bonds), fees, and/or charges. | 5 Inventory tax rate for businesses is the same as the sales & use tax rate in that jurisdiction. | 6 Varies based on job classification, workplace safety record, and insurance carrier.

SOURCE: California State Board of Equalization: California City and County Sales and Use Tax Rates; State of California Franchise Tax Board: 2018 California Tax Rates and Exemptions; County of San Diego – Office of Property Tax Services: Tax Rate By Tax Rate Area Search; County of Imperial- Auditor-Controller's Office: Property Tax Information; State of California Franchise Tax Board

PROPERTY TAX RATES: SAN DIEGO COUNTY INCORPORATED CITIES

Tax Rate Area	Tax Rate
City of Carlsbad	1.07575
City of Chula Vista	1.12278
City of Coronado	1.05615
City of Del Mar	1.03942
City of El Cajon	1.21886
City of Encinitas	1.09842
City of Escondido	1.14060
City of Imperial Beach	1.16549
City of La Mesa	1.17803

Tax Rate Area	Tax Rate
City of Lemon Grove	1.21588
City of National City	1.13505
City of Oceanside	1.11244
City of Poway	1.10844
City of San Diego	1.17461
City of San Marcos	1.09085
City of Santee	1.16882
City of Solana Beach	1.06828
City of Vista	1.07599

NOTES:

Tax not localized | Tax based on location in the State: the applicable tax rate varies by the location of the property, primarily what the school district the property is in. In addition to the basic rate, any voter approved debt is included in the rate (school and/or municipal bonds), fees, and/or charges.

SOURCES: California State Board of Equalization: California City and County Sales and Use Tax Rates; County of San Diego – Office of Property Tax Services: Tax Rate By Tax Rate Area Search; State of California Franchise Tax Board

SAN DIEGO: COST OF DOING BUSINESS

ELECTRIC Applicable to all metered non-residential customers whose monthly maximum demand equals, exceeds, or is expected to equal or exceed 20 kW. For more information, contact SDG&E Business Contact Center 1-800-336-7343.

Basic Service Fee (\$/Mth)	Total	Demand Charge (\$/kW)	Total
0-500 kW	\$116.44	Non-Coincident	24.43
>500kW	465.74	Summer On-Peak	10.37
		Winter On-Peak	7.66

Energy Charge (\$/kW)	Total	Commodity Rates - EECC (\$/kWh)	Total
Summer On-Peak	0.00244	Max demand Summer On-Peak kW	11.03
Summer Semi-Peak	0.00244	Summer On-Peak	0.1194
Summer Off-Peak	0.00244	Summer Semi-Peak	0.10954
Winter On-Peak	0.00244	Summer Off-Peak	0.07838
Winter Semi-Peak	0.00244	Max demand Winter On Peak kW	0.0000
Winter Off-Peak	0.00244	Winter On-Peak	0.10752
		Winter Semi-Peak	0.09174
		Winter Off-Peak	0.07001

Dept. of Water Resources Bond Charge	Total
Energy Rate - \$/kW	0.00526

GAS

Schedule GN-3 (rates effective 02/01/2017)
Customer Charge (\$ per month): \$10.00

The monthly gas charge for customers include: (Customer Charge) + (Volumetric Charge). The Volumetric Charge fluctuates every month.

Effective Date	Transportation (Sch. GTC-GN3)			Commodity Sch. GPC	Total Bundled Rate		
	First 1,000	1,001-21,000	21,001 +		First 1,000	1,001-21,000	21,001 +
03/01/17	\$0.42037	\$0.29764	\$0.26298	\$0.36011	\$0.78048	\$0.78048	\$0.62309

WATER Rates reflected are for the City of San Diego. Rates vary throughout the county.

Commercial and Industrial Customers

The total bill for Commercial and Industrial customers is a combination of the monthly meter base fee (which is based on the size of the meter) and the amount of water used. These customers pay \$5.841 per HCF. Please see the meter base fee chart.

Irrigation Customers

The total bill for Temporary Construction is a combination of the monthly meter base fee (which is based on the size of the meter) and the amount of water used. These customers pay \$6.749 per HCF. Please see the meter base fee chart.

Temporary Construction

The total bill for Irrigation Customers is a combination of the monthly meter base fee (which is based on the size of the meter) and the amount of water used. These customers pay \$6.636 per HCF. Please see the meter base fee chart.

Meter Base Fees

Meter Size	Base Fee
5/8"	\$24.74
3/4"	\$24.74
1"	\$32.77
1.5"	\$51.13
2"	\$74.07
3"	\$127.98
4"	\$204.83
6"	\$395.23
8"	\$624.62
10"	\$893.02
12"	\$1,656.92
16"	\$2,880.76

Wastewater Cost

City of SD	2018 Rate*
Base Fee \$/month	\$24.74
Flow \$/HCF WW**	\$3.7672
TSS \$/lb	\$0.5517
COD \$/lb	\$0.2242

Please visit the City of San Diego Water Bill Calculator page for a more accurate estimate of your company's monthly water rates.

SAN DIEGO: A COLLABORATIVE BUSINESS COMMUNITY

San Diego benefits from strong partnerships between government and business, and a uniquely collaborative political environment that provides stability for the growing local economy. Below are a few examples of regional partners and trade organizations.



CITY OF SAN DIEGO economic development department works to retain, attract and maintain the type of businesses that contribute positively to the local economy. The City leverages public incentives and assistance to promote community revitalization, and to attract and induce investment in local businesses.
sandiego.gov/economic-development



WTC SAN DIEGO (WTCS D)— a member of the more than 300 World Trade Center global network— works to cultivate a pipeline of export-ready firms, facilitate the growth of foreign investing firms in San Diego and amplify the region's global identity abroad.
globalsd.org



BIOCOM helps position the Southern California life sciences community to achieve individual and collective success. It is the largest regional life sciences association in the world, and represents more than 750 member companies in Southern California.
biocom.org



CONNECT has assisted in the formation and development of more than 2,000 companies since 1985. The incubator is widely regarded as the world's most successful regional program linking inventors and entrepreneurs with the resources needed for the commercialization of products.
connect.org



EVONEXUS is a nonprofit technology incubator and hub for Southern California's startup community designed to accelerate the growth and success of entrepreneurial companies. EvoNexus' relationships with real estate, technology and life sciences companies make it possible for the organization to take zero equity or fees and help grow Southern California's innovation economy.
evonexus.org



SAN DIEGO WORKFORCE PARTNERSHIP funds job training programs to meet the region's demand for qualified workers. The programs benefit local employers, unemployed and recently laid-off adults, as well as at-risk youth ages 14 to 21.
workforce.org



CLEANTECH SAN DIEGO is a nonprofit member organization that positions the greater San Diego region, including Imperial County, as a global leader in the cleantech economy.
cleantechsandiego.org



SAN DIEGO MILITARY ADVISORY COUNCIL (SDMAC) is a nonprofit organization with a mission to support, promote and represent regional business and military interests. SDMAC has become increasingly prominent in advancing the partnership and communication between the military, elected and appointed officials, and the business community while simultaneously working to enhance recognition of the military's many economic and social contributions to region.
sdmac.org



SAN DIEGO REGIONAL ECONOMIC DEVELOPMENT CORPORATION

works to maximize the region's economic prosperity and global competitiveness. As an independently funded nonprofit organization, EDC promotes the region, facilitates corporate expansion across diverse industry sectors and supports the talent pool that drives their success.

Company support • Research • Regional marketing • Advocacy
sandiegobusiness.org